

# **Finding the Most Cost-Effective Mix of Manpower**

**Patrick Mackin  
Richard Parodi  
SAG Corporation**

**Presentation to the Third Annual  
Navy Workforce Research and  
Analysis Conference  
1 April 2003**



# Outline

- Background
- Getting Manpower Costs “Closer to the Bullseye”
- Current Costing Mechanisms
- Proposed Manpower Cost Mechanism
- Challenges



# Background

- Increasing emphasis on finding right manpower mix (Active, Reserve, Civilian, & Contractor)
  - We (Navy) must balance our inventory of people with valid billets requirements, Revised A-76 guidelines
    - CBO March 2003 Budget Options
- Focus as well on right mix of manpower hardware and technology in acquisition process
- enlisted personnel accounts, and validate proper active/reserve/civilian/contractor workforce mix. - VADM Gerald L. Hoewing (Chief of Naval Personnel) speaking before the Senate Armed Services Committee on 11 March 2003
  - Most bang for the buck in tight budget environment
  - Current manpower costing systems view manpower as "free good"
  - Biases answer to more people, more senior, more experienced mix
  - No incentive for/ability to conduct cost-benefit analyses for modernization initiatives



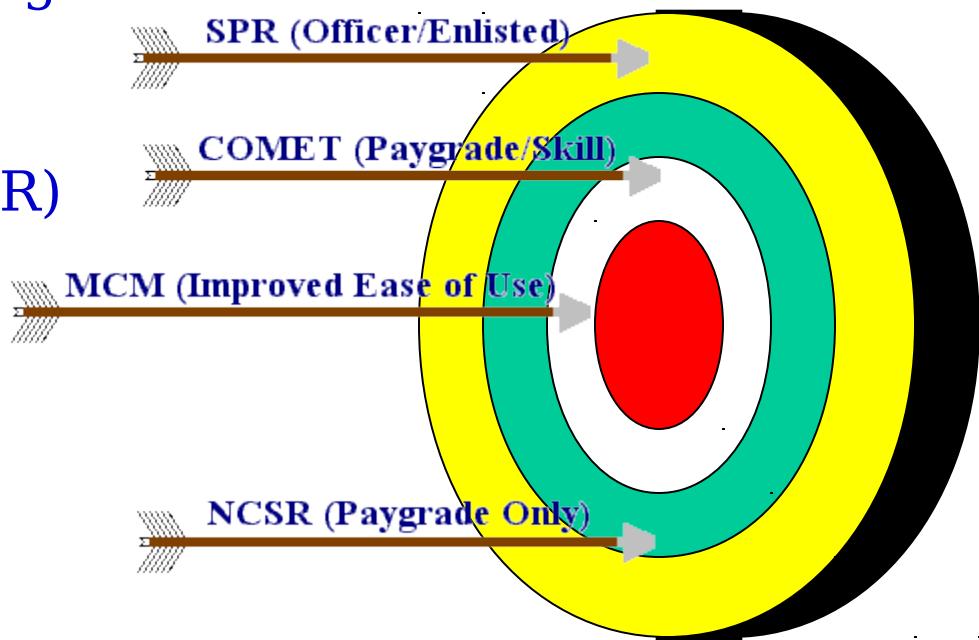
# **Getting Manpower Costs “Closer to the Bullseye”**

- Manpower cost estimates must be
  - Comprehensive
    - Include total taxpayer cost of filling job
  - Consistent
    - Methodology comparable across all types of manpower
  - Granular
    - Realistically estimate cost differences by paygrade and skill
- Include *variable indirect costs*
  - Costs of acquiring, training, locating and supporting



# Current Costing Mechanisms

- Standard Programming Rates (SPR)
- Navy Composite Standard Rates (NCSR)
- Cost of Manpower Estimating Tool (COMET)
- Proposed Manpower Costing Mechanism (MCM)



# Cost Example

Generic Submarine Inspection Group (FY 2001

<b>Rank</b>	<b>Pavgrade</b>	<b>SPR Cost</b>	\$)	<b>NCSR Cost</b>	<b>COMET Direct Default Cost</b>	<b>COMET Direct "Actual" Cost</b>
CAPT	O-6	\$88,963		\$141,943	\$152,015	\$168,184
CDR	O-5	\$88,963		\$121,485	\$124,824	\$143,141
CDR	O-5	\$88,963		\$121,485	\$124,824	\$143,141
LCDR	O-4	\$88,963		\$103,253	\$107,322	\$124,395
LCDR	O-4	\$88,963		\$103,253	\$107,322	\$124,395
LCDR	O-4	\$88,963		\$103,253	\$107,322	\$124,395
ETCM (SS)	E-9	\$39,312		\$79,543	\$93,036	\$91,947
EMCS (SS)	E-8	\$39,312		\$67,656	\$79,835	\$78,810
MMCS (SS)	E-8	\$39,312		\$67,656	\$79,514	\$78,703
ETC (SS)	E-7	\$39,312		\$58,434	\$70,199	\$69,174
EMC (SS)	E-7	\$39,312		\$58,434	\$69,513	\$68,583
YNC (SS)	E-7	\$39,312		\$58,434	\$65,145	\$63,767
PN2	E-5	\$39,312		\$43,034	\$45,358	\$43,770
YN3	E-4	\$39,312		\$35,764	\$37,881	\$37,254
<b>Total</b>		<b>\$48,274</b>		<b>\$1,163,627</b>	<b>\$1,264,110</b>	<b>\$1,359,659</b>



# **Proposed Manpower Cost Mechanism**

- Web-based manpower cost tool providing paygrade/skill/type-duty granularity
  - Limited user customization options
  - Easy access to view, print and download rates
  - No software downloads/training needed
  - Low cost to maintain
- Costs based on most recent fiscal year's actual outlays



# Sample Screen

FY 2003 Dollars

## Navy Manpower Cost Mechanism

**Enlisted Costs**

Rating	Paygrade							
ALNAV	E1-E3	E4	E5	E6	E7	E8	E9	
All Duty								
Sea Duty								
Shore Duty								

**Warrant Officer Costs**

Designator	Paygrade			
ALNAV	W2	W3	W4	W5
All Duty				
Sea Duty				
Shore Duty				

**Officer Costs**

Designator	Paygrade						
ALNAV	O1	O2	O3	O4	O5	O6	FLAG
All Duty							
Sea Duty							
Shore Duty							

**Actions:**

- Select New
- Export
- Print
- Copy
- FAQs
- Help

# MCM Expandability

- Could link to an Activity Manpower Document (AMD) database
  - Requires NAVMAC/TFMMS interface
- Allow analyst to quickly derive annual MPN costs of enlisted, officer and unit costs (AoAs, A-76 and BRAC uses)
- Provide accurate replacement costs for ROI tradeoff analyses



# Challenges

- Getting the “variable” in Variable Indirect Costs
- Officer training and acquisition costs
- Civilian training and acquisition costs
- Contractor cost estimates
- Consistency with other Services



# **Backup Slides**

# CBO March 2003 Budget Option

- Replace 20,000 uniformed military personnel in certain support jobs with civilian employees of the Department of Defense (DoD)
  - Some jobs that one service considers "military essential" but the others do not and some functions that clearly could be open to civilians
- Successfully converting 20,000 positions could save \$191 million in outlays in 2004 and \$3 billion over five years
  - Greater savings possible if some positions were deemed eligible for competition with contract personnel

